



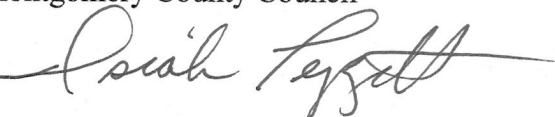
OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

January 11, 2007

TO: Marilyn J. Praisner, President, Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Recommended FY08 Capital Budget and
Limited Amendments to the FY07-12 Capital Improvements Program (CIP)

I am pleased to transmit to you, in accordance with the County Charter, my recommended FY08 Capital Budget for Montgomery County agencies including the Montgomery County government, Montgomery County Public Schools, Montgomery College, the Maryland-National Capital Park and Planning Commission, the Housing Opportunities Commission, and the Revenue Authority. In addition to the required Capital Budget recommendations, I am also including a few CIP amendments in this off-year.

The FY08 Capital Budget

My Capital Budget recommendations provide the necessary spending authority to continue implementation of the County's Capital Improvements Program (CIP) which was approved by the County Council in May 2006. With only a few exceptions, this Capital Budget reflects the appropriations and spending expectations for FY08 in the Approved CIP.

I am recommending spending levels for County General Obligation bonds and Park and Planning bonds consistent with the Spending Affordability Guidelines Council approved in February 2006, and the CIP adopted in May, 2006. This CIP is consistent with affordable debt levels necessary to ensure continuation of Montgomery County's AAA credit rating. Executive staff will be prepared to discuss affordability issues with the Council at your meetings later this month.

I am recommending a total of 30 amendments. Of these, ten respond to changes in State funding, five address safety or school capacity needs, one leverages funding from other sources and one avails us of a significant opportunity. Six projects are amended for technical reasons or cost increases and the remainder shift funds for fiscal capacity.

State Funding for Education in Montgomery County

As you know, we have requested that the State fund \$134.0 million in support of Montgomery County's school construction program. To date, the State has approved just \$29.3 million of our eligible projects for FY08. Together, we, the Board of Education, and our State delegation must continue to request from the Governor and the Board of Public Works the full \$134.0 million in State funds to support the approved Montgomery County Public Schools construction program.

This year the State has recognized the large increases in construction costs for local colleges, including Montgomery College. The bulk of the increase I am recommending for Montgomery College matches the State's increases, so that College projects can remain on schedule at a cost the State will support.

Montgomery County Public Schools

MCPS has requested approximately \$27.9 million to eliminate relocatable classrooms through several major additions. In order to provide a safe and healthy learning environment, I am committed to supporting MCPS' plan to reduce the number of relocatable classrooms. I am concerned, however, about programming specific projects in the Capital Program for this purpose in a year in which the full Capital Program is not before us for consideration. In addition, the level of State Aid for local school construction remains unclear and it would be premature to commit to a more ambitious program in the absence of a commitment from the State for a more appropriate investment in the County's school construction program. I do believe we should start to address this issue now, and therefore I have recommended that we include funding in the FY08 Capital Budget. The funds should be used to develop a comprehensive system-wide plan for reducing relocatables so that we have the appropriate sequencing of all necessary facility modifications that will be required and understand better how these modifications relate to future enrollment projections and ongoing school academic programs. Over the coming months, I look forward to working with the Board of Education, the County Council, and the local community to develop a comprehensive and appropriate plan for reducing relocatables.

I am also supporting MCPS' request to upgrade laboratory space at Poolesville and Wootton High Schools and stadium lighting at Clarksburg High School as well as the construction cost increase for Galway Elementary School.

Montgomery College

The State raised its cost escalators for Maryland community college projects to take into account increases in the price of construction. My recommendations fully support the following projects on the schedule requested by the College and reflect cost adjustments to the following projects: Commons Renovation, Germantown Access Road, Rockville Physical Plant Building, Rockville Science Center, Roof Replacement, Science East Building Renovation, and Science West Building Renovation. I am also recommending an increase in the Takoma Park Campus Expansion project for furnishings and equipment.

In order to support the College's full increase, I recommend that the Bioscience Education Center remain on the Council-approved schedule, and I must defer the Takoma Park Fine Arts Pavilion Renovation by one year.

Government Facilities

I recommend two new projects to improve safety conditions: reconstruction of the Burning Tree Road Bridge #M-112 and the first phase of reconstruction of the storm drain system in the Town of Chevy Chase. In addition, the Brookville Service Park project has been re-designed to place the fueling station within the current limits of that facility, and the increased costs are included in this recommendation. For fiscal reasons and to reflect a more realistic expenditure schedule, I recommend shifts in funds for seven projects, including the Detention Center Reuse, Gaithersburg Library Renovation, Highway Noise Abatement, Judicial Center Annex, PSTA Academic Building Complex, Sidewalk and Infrastructure Revitalization and the Silver Spring Library.

Growth Management

I believe that my recommendations continue to support Growth Policy requirements for transportation and education. I understand that even without any capacity project amendments, the current Approved FY07-12 CIP meets the FY12 Growth Policy test for schools. Executive staff will, of course, participate in the Growth Policy Ceiling Element discussions in May.

Water and Sewer Facilities

As required by State law, I am also providing today (under separate cover) my recommendations for both the FY08-13 Capital Improvements Program and for FY08 expenditures for the Washington Suburban Sanitary Commission.

Fiscal Summary

As noted above, I recommend that planned spending from both County General Obligation bonds and Park and Planning bonds remain at the spending levels adopted by the Council last February. I urge the Council to join me in a measured approach to amending the CIP, such that important projects are not precluded by premature action on other projects. Managing our set-asides carefully is imperative at this juncture.

At this time, I recommend that our current revenue and PAYGO funding assumptions remain unchanged. However, I will be advising the Council further on this subject once I have reviewed all revenue and spending assumptions in preparation for my March 15 Operating Budget recommendations.

I am requesting that the State greatly increase support for Montgomery County's school construction needs, and I am seeking continued levels of State funding support for Montgomery College and renovation of the Montgomery County Detention Center.

Future Recommendations

As always, there may be items funded by the State legislature which we may wish to match for projects in Montgomery County. Projects which require Special Capital Projects legislation this year will be proposed in the Spring, to coincide with Council's scheduling during the past few years.

I would like to thank staff from the Executive Branch, Montgomery County Public Schools, Montgomery College, M-NCPPC, the Housing Opportunities Commission, and the Revenue Authority who have worked this fall to create this Capital Budget recommendation. As always, Executive Branch staff are available to assist you in your deliberations on the Capital Budget or amendments to the CIP. I look forward to discussing any policy matters or major resource allocation issues that arise this spring.

IL:mdl

Attachments:

Recommended Amendments to the FY07-12 Capital Improvements Program

Recommended Capital Budgets

Agency	Attachment
MCG	FY08 Capital Budget: Appropriation, Partial Closeout and Closeout Lists
HOC	FY08 Capital Budget: Appropriation
Revenue Authority	FY08 Capital Budget: Appropriation
MCPS	FY08 Capital Budget: Appropriation and Partial Closeout Lists
Montgomery College	FY08 Capital Budget: Appropriation and Closeout Lists
M-NCPPC	FY08 Capital Budget: Appropriation and Partial Closeout Lists

Macro Schedules

General Obligation Bond Adjustment Chart
General Obligation Bond Adjustment Chart Reconciliation
Tax Supported Current Revenues Adjustment Chart
Tax Supported Current Revenues Adjustment Chart Reconciliation
M-NCPPC Bond Adjustment Chart

cc: Keith Miller, Executive Director, Revenue Authority
Stephen Farber, County Council Staff Director
Nancy Navarro, President, Board of Education
D. Scott Minton, Executive Director, Housing Opportunities Commission
Royce Hanson, Chairman, Montgomery County Planning Board
Dr. Charlene Nunley, President, Montgomery College
Andrew D. Brunhart, General Manager, Washington Suburban Sanitary Commission
Executive Branch Department and Agency Directors
Regional Services Center Directors

Recommended Amendments to the FY07-012 Capital Improvements Program

Agency Project		Appropriation Recommendation	Amendment Criteria
MC	Bioscience Education Center	FY08	adjustment to inter-jurisdictional project
MCG	Brookville Service Park	FY08	technical-implement policy decision
MCPS	Building Modifications & Program Improve	FY08	school capacity
MCG	Burning Tree Road Bridge No.M-112	FY08	public safety, leverage
MCG	Child Care in Schools	FY08	significant opportunity
MC	Commons Renovation	FY08	adjustment to inter-jurisdictional project
MCPS	Current Replacements/Modernizations	FY08	technical-cost increase
MCPS	Design and Construction Management	FY08	school capacity
MCG	Detention Center Reuse	FY08	shift, fiscal capacity
MC	Elevator Modernization: College	FY08	technical - correction
MC	Fine Arts Pavilion Renovation	FY08	adjustment to inter-jurisdictional project
MCG	Gaithersburg Library Renovation	FY08	shift, fiscal capacity
MC	Germantown Access Road	FY08	adjustment to inter-jurisdictional project
MCG	Highway Noise Abatement	FY08	shift, fiscal capacity
MCG	Judicial Center Annex	FY08	shift, fiscal capacity
MCPS	Poolesville HS Lab Upgrades and Addition	FY08	school capacity
MCG	PSTA Academic Building Complex	FY08	shift, fiscal capacity
MC	Rockville Physical Plant Bldg	FY08	adjustment to inter-jurisdictional project
MC	Rockville Science Center	FY08	adjustment to inter-jurisdictional project
MC	Roof Replacement: College	FY08	adjustment to inter-jurisdictional project
MC	Science East Building Renovation	FY08	adjustment to inter-jurisdictional project
MC	Science West Building Renovation	FY08	adjustment to inter-jurisdictional project
MCG	Shady Grove Access Bike Path	FY08	adjustment to inter-jurisdictional project
MCG	Sidewalk & Infrastructure Revitalization	FY08	shift, fiscal capacity
MCG	Silver Spring Library	FY08	shift, fiscal capacity
MCPS	Stadium Lighting	FY08	leverage
MC	Takoma Park Campus Expansion	FY08	cost increase
MC	TP/SS Info Science Pavilion Renov	FY08	technical - delete project
MC	TP/SS Student Services Pavilion Renov	FY08	technical - delete project
MCG	Town of Chevy Chase Storm Drain Impro	FY08	public safety